

ORDINANCE NUMBER 1163-2026

AN ORDINANCE OF THE CITY OF QUINCY, FLORIDA; MAKING CERTAIN FINDINGS AND DETERMINATIONS; AMENDING SECTIONS 74-177 THROUGH 74-180 OF THE CODE OF ORDINANCES, CITY OF QUINCY, FLORIDA, RELATED TO RETAIL ELECTRIC UTILITY RATES; REPEALING ALL ORDINANCES IN CONFLICT; PROVIDING FOR AUTHORITY TO CODIFY; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on October 27, 2015, the City Commission of the City of Quincy, Florida adopted and approved ordinance 1073-2015, which established the current electric utility rates for customers which are provided electric service from the City of Quincy, Florida (the “City”) and its electric utility system;

WHEREAS, on January 18, 2019, the City Commission adopted and approved Ordinance 1102-2018, which approved a storm recovery surcharge to recover from the devastating impact by Hurricane Michael on the City’s electric distribution system, to be in effect until January 31, 2023, unless extended or earlier terminated by subsequent ordinance;

WHEREAS, despite the City of Quincy having some of the lowest electric rates in the State of Florida, it remains appropriate to provide for a sustainable increase in electric utility revenue to address the needs of the electric system so the City may continue to provide reliable and cost-effective service to its customers by an across-the-board 4% increase in per kWh electric rates;

WHEREAS, the City Commission has determined that the rate adjustment as effectuated hereby will result in rates which are reasonable, equitable and in the public interest:

WHEREAS, the City’s adoption of this ordinance is required to comply with, and is expressly authorized by Florida law, including, but not limited to, part I of chapter 166, Florida Statutes;

WHEREAS this ordinance relates both to the budget of the City and a revenue source necessary to fund the budget, as the City’s electric utility operations are contemplated in the City’s budget to provide a key source of revenue for the City; and

WHEREAS, the City Commission hereby finds and determines that the adoption of this ordinance is necessary and appropriate for being able to retain a

skilled work force, able to pay for the increase cost of purchase power and materials needed to maintain the electric utility operations and for ensuring the continued low cost of those electric utility operations, which are vital to promoting, enabling, and facilitating the City's provision of economic competitiveness for its residents, businesses, and visitors.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF QUINCY, FLORIDA, AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS. The above recitals are true and accurate and are hereby incorporated herein and made a material part of this ordinance.

SECTION 2. AMENDMENT TO SECTIONS 74-177, 74-178, 74-179, and 74-180 OF THE CODE OF ORDINANCES, CITY OF QUINCY, FLORIDA. Sections 74-177, 74-178, 74-179, and 74-180 of the Code of Ordinances, City of Quincy, Florida (the "Quincy Code") are hereby amended as follows, effective August 1, 2026:

- (i) Subsection (c) of section 74-177 of the Quincy Code (the residential electric service rate schedule) is hereby amended by deleting "0.09241" and replacing it with "\$0.09611," and deleting the following sentences: "Temporary Hurricane Michael surcharge: Flat rate, per kwh .00879. This surcharge shall begin and terminate as provided in Ordinance No. 1102-2018."
- (ii) Subsection (c) of section 74-178 of the Quincy Code (the general service electric rate schedule) is hereby amended by deleting "0.09319" and replacing it with "\$0.09601," and deleting the following sentences: "Temporary Hurricane Michael surcharge: Flat rate, per kwh .00881. This surcharge shall begin and terminate as provided in Ordinance No. 1102-2018."
- (iii) Subsection (b) of section 74-179 of the Quincy Code (the regular general service demand rate schedule) is hereby amended by deleting "0.05574" and replacing it with "\$0.05797," and deleting the following sentences: "Temporary Hurricane Michael surcharge: Energy charge, flat rate per kilowatt-hour charge .00526, per kw of demand .7125. This surcharge shall begin and terminate as provided in Ordinance No. 1102-2018."
- (iv) Subsection (b) of section 74-180 of the Quincy Code (the regular general service demand. Large demand rate schedule) is hereby amended by deleting "0.04938" and replacing it with "\$0.05136," and deleting the following sentences: "Temporary Hurricane Michael surcharge: Energy charge, flat rate

per kilowatt-hour charge .00472, per kw of demand .7125. This surcharge shall begin and terminate as provided in Ordinance No 1102-2018.”

SECTION 3. REPEAL OF CONFLICTING ORDINANCES. All ordinances or parts of ordinances in conflict with this ordinance are, to the extent of the conflict with this ordinance, hereby repealed.

SECTION 4. AUTHORITY TO CODIFY. Specific authority is hereby granted to codify this Ordinance.

SECTION 5 SEVERABILITY. Should the provisions of this ordinance be declared to be severable and if any section, sentence, clause, or phrase of this ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this ordinance, but they shall remain in effect, it being the legislative intent that this ordinance shall remain notwithstanding the invalidity of any part.

SECTION 7. EFFECTIVENESS. This ordinance shall become effective October 1, 2026.

PASSED this ____ day of _____, 2026, on the first reading by a vote of _____.

PASSED AND ADOPTED this ____ day of _____, 2026, on second reading by a vote of _____.

Attest:

CITY COMMISSION OF THE
CITY OF QUINCY, FLORIDA

Jacqueline D. Hightower,
City Clerk

Dr. Robin L. Wood
Mayor

Approved as to legal form and content:

Harold Knowles,
City Attorney

TAB 4

**City of Quincy
Regular City Commission
Agenda Request**

Date of Meeting: August 25, 2026

Date Submitted: August 20, 2026

To: Honorable Mayor and Commissioners

From: Roger Milton, City Manager
Carolyn Bush, HR Specialist

Subject: Discussion of City of Quincy Retirement Saving Plan
Re: Vesting of Rehires

Statement of Issue:

The Retirement Saving Plan must operate in accordance with its terms or it will violate the Internal Revenue Code. It contains a vesting provision that, while permissible, its record keeper will not honor. Discussion of the City of Quincy Retirement Saving Plan vesting specifically to rehires. The City of Quincy Plan Broker William McCloud, Level Four Advisory Services will be available to lead the discussion.

Background:

The City has adopted the Retirement Savings Plan (the "Plan") to help its employees save for retirement. If you are an employee of City of Quincy, you may be entitled to participate in the Plan, provided you satisfy the condition for participation as described in the Summary Plan Description.

Staff Recommendation:

The amendment would allow for a rehired participant to retain their vesting previously earned so the money would not have to be segregated.

**SUMMARY PLAN DESCRIPTION
FOR**

Retirement Savings Plan

October 1, 2021

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Retirement Savings Plan

SUMMARY PLAN DESCRIPTION

ARTICLE 1 INTRODUCTION

City of Quincy has adopted the Retirement Savings Plan (the “Plan”) to help its employees save for retirement. If you are an employee of City of Quincy, you may be entitled to participate in the Plan, provided you satisfy the conditions for participation as described in this Summary Plan Description.

This Summary Plan Description (“SPD”) is designed to help you understand the retirement benefits provided under the Plan and your rights and obligations with respect to the Plan. This Summary Plan Description contains a summary of the major features of the Plan, including the conditions you must satisfy to participate under the Plan, the amount of benefits you are entitled to as a Plan participant, when you may receive distributions from the Plan, and other valuable information you should know to understand your Plan benefits. We encourage you to read this SPD and contact the Plan Administrator if you have any questions regarding your rights and obligations under the Plan. (See Article 2 below for the name and address of the Plan Administrator.)

This SPD does not replace the formal Plan document, which contains all of the legal and technical requirements applicable to the Plan. However, this SPD does attempt to explain the Plan language in a non-technical manner that will help you understand your retirement benefits. If the non-technical language under this SPD and the technical, legal language under the Plan document conflict, the Plan document always governs. If you have any questions regarding the provisions contained in this SPD or if you wish to receive a copy of the legal Plan document, please contact the Plan Administrator.

The Plan document may be amended or modified due to changes in law, to comply with pronouncements by the Internal Revenue Service (IRS) or due to other circumstances. If the Plan is amended or modified in a way that changes the provisions under this SPD, you will be notified of such changes.

This SPD does not create any contractual rights to employment nor does it guarantee the right to receive benefits under the Plan. Benefits are payable under the Plan only to individuals who have satisfied all of the conditions under the Plan document for receiving benefits.

ARTICLE 2 GENERAL PLAN INFORMATION AND KEY DEFINITIONS

This Article 2 contains information regarding the day-to-day administration of the Plan as well as the definition of key terms used throughout this Summary Plan Description.

Plan Name: Retirement Savings Plan

Plan Number: 002

Employer:

Name: City of Quincy

Address: c/o Carolyn R. Bush
404 West Jefferson Street

City, State, Zip Code: Quincy, Florida 32351

Telephone number: 850-618-0020

Employer Identification Number (EIN): 59-6000416

Predecessor Employer(s):

In applying the eligibility and allocation rules under Article 4 and the vesting rules under Article 7, all service you perform with us is taken into account. In addition, service may be credited with the following “predecessor” employers:

- The city manager will be credited with a year of service for each prior year of service in another governmental qualified retirement plan.

Thus, if you performed any service for such predecessor employers, you may receive credit for such service under this Plan. Please contact the Plan Administrator if you have questions about the type of service that may be taken into account with such predecessor employers.

Plan Administrator:

The Plan Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, provides you with forms necessary to request a distribution from the Plan, and directs the payment of your vested benefits when required under the Plan. The Plan Administrator may designate another person or persons to perform the duties of the Plan Administrator. The Plan Administrator or its delegate, as the case may be, has full discretionary authority to interpret the Plan, including the authority to resolve ambiguities in the Plan document and to interpret the Plan’s terms, including who is eligible to participate under the Plan and the benefit rights of participants and beneficiaries. All interpretations, constructions and determinations of the Plan Administrator or its delegate shall be final and binding on all persons, unless found by a court of competent jurisdiction to be arbitrary and capricious. The Plan Administrator also will allow you to review the formal Plan document and other materials related to the Plan.

The Employer listed above is acting as Plan Administrator. The Plan Administrator may designate other persons to carry on the day-to-day operations of the Plan. If you have any questions about the Plan or your benefits under the Plan, you should contact the Plan Administrator or other Plan representative.

Trustee:

All amounts contributed to the Plan are held by the Plan Trustee in a qualified Trust. The Trustee is responsible for the safekeeping of the trust funds and must fulfill all Trustee duties in a prudent manner and in the best interest of you and your beneficiaries. The trust established on behalf of the Plan will be the funding medium used for the accumulation of assets from which Plan benefits will be distributed.

The following is the name and address of the Plan Trustee(s):

- **Name:** City of Quincy
Address: c/o Carolyn R. Bush, 404 West Jefferson Street
City, State, Zip Code: Quincy, Florida 32351

Service of Legal Process:

Service of legal process may be made upon the Employer. In addition, service of legal process may be made upon the Plan Trustee or Plan Administrator.

Effective Date of Plan:

This Plan is a restatement of an existing Plan to comply with current law. This Plan was originally effective April 9, 1991. However, unless designated otherwise, the provisions of the Plan as set forth in this SPD are effective as of October 1, 2021.

Plan Year:

Many of the provisions of the Plan are applied on the basis of the Plan Year. For this purpose, the Plan Year is the 12-month period ending 9/30.

Plan Compensation:

In applying the contribution formulas under the Plan (as described in Section 5 below), your contributions may be determined based on Plan Compensation earned during the Plan Year. However, in determining Plan Compensation, no amount will be taken into account to the extent such compensation exceeds the compensation dollar limit set forth under IRS rules. For 2021, the compensation dollar limit is \$290,000 (\$305,000 in 2022). Thus, for Plan Years beginning in 2021, no contribution may be made under the Plan with respect to Plan Compensation above \$290,000 (\$305,000 in 2022). For subsequent plan years, the compensation dollar limit may be adjusted for cost-of-living increases.

For purposes of determining Plan Compensation, your total taxable wages or salary is taken into account including any pre-tax salary reduction contributions you may make under any other plans we may maintain, which may include any pre-tax contributions you make under a medical reimbursement plan or "cafeteria" plan. Plan Compensation also generally includes compensation for services that is paid after termination of employment, as long as such amounts are paid by the end of the year or within 2½ months following termination of employment, if later. However, for purposes of determining contributions under the Plan, Plan Compensation does not include the following types of compensation:

- All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation and welfare benefits
- Bonuses
- Overtime payments
- Certain amounts paid pursuant to a nonqualified unfunded deferred compensation plan
- Continuation payments to disabled Participants paid after severance of employment
- all amounts classified as other than "base pay."

For purposes of determining Plan Compensation, only compensation you earn while you are a participant in the Plan will be taken into account. Thus, any compensation you earn while you are not eligible to participate in the Plan will not be considered in determining Plan Compensation.

Normal Retirement Age:

You will reach Normal Retirement Age under the Plan when you turn age 62.

Disabled:

You generally will be considered Disabled for purposes of applying certain Plan rules, such as those that may apply to Plan distributions, vesting allocations, if you are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The Plan Administrator may establish reasonable procedures for determining whether you are disabled for purposes of applying the provisions of the Plan.

ARTICLE 3 DESCRIPTION OF PLAN

Type of Plan. This Plan is a special type of retirement plan commonly referred to as a profit sharing plan. A profit sharing plan allows us to make contributions to the Plan on your behalf without having to include such amounts in income. If you have satisfied all of the eligibility conditions described in Article 4 for receiving a Plan Contribution, we will deposit such contribution directly into the Plan on your behalf. Because this money is not reported as income, you do not have to pay any income tax while the money is held in the Plan, and any earnings on such contributions are not taxed while they stay in the Plan. (See Article 5 below for a description of the Plan Contributions authorized under the Plan.)

In addition to any contributions we may make to the Plan, you also may be eligible to make After-Tax Contributions to the Plan. If you elect to make After-Tax Contributions, you make a contribution to the Plan out of your own compensation, after paying taxes on such amounts. When you take a distribution of your After-Tax Contributions, you will not be taxed on the amounts you actually contributed to the Plan as After-Tax Contributions (since you were already taxed on those amounts). Any earnings on your After-Tax Contributions will not be subject to income taxation as long as those amounts stay in the Plan. Upon distribution, you will be taxed on the earnings associated with your After-Tax Contributions. (See Article 9 below for a discussion of the distribution rules under the Plan.)

ARTICLE 4 ELIGIBILITY REQUIREMENTS

This Article sets forth the requirements you must satisfy to participate under the Plan. To qualify as a participant under the Plan, you must:

- be an Eligible Employee
- satisfy the Plan's minimum age and service conditions and
- satisfy any allocation conditions required under the Plan.

Employees who are residents of Puerto Rico may not participate in the Plan unless otherwise specifically included below.

Eligible Employee

To participate under the Plan, you must be an Eligible Employee. For this purpose, you are considered an Eligible Employee if you are an employee of City of Quincy, provided you are not otherwise excluded from the Plan.

Excluded Employees. For purposes of determining whether you are an Eligible Employee, the Plan excludes from participation certain designated employees. If you fall under any of the excluded employee categories, you will not be eligible to participate under the Plan (until such time as you no longer fall into an excluded employee category). [See below for a discussion of your rights upon changing to or from an excluded employee classification.]

The following categories of employees are not eligible to participate in the Plan:

- Leased employees
- Certain part-time employees (as defined under the Plan)
- Certain temporary employees (as defined under the Plan)
- Employees eligible for another qualified plan sponsored by the Employer or a Related Employer
- Any participant in the City of Quincy Municipal Police Officers' and Firefighter's Retirement Plan. The city attorney and his assistants, any judge or prosecutor and his assistants. Notwithstanding the preceding and above exclusions, the mayor and city commissioners are eligible employees.

Minimum Age and Service Requirements

In order to participate in the Plan, you must satisfy certain age and service conditions under the Plan.

- **Minimum age requirement.** There is no minimum age requirement for participation in the Plan.
- **Minimum service requirement.** There is no minimum service requirement to participate under the Plan. Thus, you will be eligible to participate in the Plan (provided you are an Eligible Employee) as of the first Entry Date following your date of employment.

Entry Date. Once you have satisfied the eligibility conditions described above, you will be eligible to participate under the Plan on your Entry Date. For this purpose, your Entry Date is your date of employment. Thus, you will be eligible to participate immediately upon your date of hire, provided you are an Eligible Employee.

Crediting eligibility service. In determining whether you satisfy any minimum age or service conditions under the Plan, all service you perform during the year is counted. In addition, if you go on a maternity or paternity leave of absence (including a leave of absence under the Family Medical Leave Act) or a military leave of absence, you may receive credit for service during your period of absence for certain purposes under the Plan. You should contact the Plan Administrator to determine the effect of a maternity/paternity or military leave of absence on your eligibility to participate under the Plan. See Article 2 for a description of “predecessor” employers for whom service may be credited for eligibility purposes under the Plan.

Eligibility upon rehire or change in employment status. If you terminate employment after satisfying the minimum age and service requirements under the Plan and you are subsequently rehired as an Eligible Employee, you will enter the Plan on the later of your rehire date or your Entry Date. If you terminate employment prior to satisfying the minimum age and service requirements, and you are subsequently rehired, you will have to meet the eligibility requirements as if you are a new Employee in order to participate under the Plan.

If you are not an Eligible Employee on your Entry Date, but you subsequently change status to an eligible class of Employee, you will be eligible to enter the Plan immediately (provided you have already satisfied the minimum age and service requirements). If you are an Eligible Employee and subsequently become ineligible to participate in the Plan, all contributions under the Plan will cease as of the date you become ineligible to participate. However, all service earned while you are employed, including service earned while you are ineligible, will be counted when calculating your vested percentage in your account balance.

Allocation Conditions

If you are an Eligible Employee and have satisfied the minimum age and service requirements described above, you are entitled to share in the contributions described in Article 5, provided you satisfy the allocation conditions described below.

After-Tax Contributions. You do not need to satisfy any additional allocation conditions to make After-Tax Contributions under the Plan. If you satisfy the eligibility conditions described above, you will be eligible to make After-Tax Contributions, regardless of how many hours you work during the year or whether you terminate employment during the year. However, you may not continue to make After-Tax Contributions after you terminate employment.

Employer Contributions. You will be entitled to share in any Employer Contributions we make to the Plan if you satisfy the eligibility conditions described above. You do not need to satisfy any additional allocation conditions to receive an Employer Contribution. You will receive your share of the Employer Contributions regardless of how many hours you work during the year or whether you terminate during the year.

ARTICLE 5 PLAN CONTRIBUTIONS

The Plan provides for the contributions listed below. Article 4 discusses the requirements you must satisfy to receive the contributions described in this Article 5. Article 7 describes the vesting rules applicable to your plan benefits. Special rules also may apply if you leave employment to enter qualified military service. See your Plan Administrator if you have questions regarding the rules that apply if you are on military leave.

After-Tax Contributions

Voluntary After-Tax Contributions. If you have satisfied the conditions for participating under the Plan (as described in Article 4) you are eligible to make After-Tax Contributions to the Plan. To begin making After-Tax Contributions, you must elect to make contributions to the Plan on an after-tax basis. The After-Tax Contributions you make to the Plan are subject to current taxation but any earnings on such amounts are not taxed until you withdraw those amounts from the Plan. Your After-Tax Contributions will be invested in accordance with the Plan's investment policies. You may receive the forms necessary to make After-Tax Contributions from your Plan Administrator.

Limit on After-Tax Contributions. In addition to the IRS limits described in Article 6 below, the Plan limits the amount you may contribute as After-Tax Contributions. Under this Plan limit, you may not contribute an amount in excess of 12% of Plan Compensation for each payroll period during which you are eligible to participate under the Plan.

Change of election. You can increase or decrease the amount of your After-Tax Contributions as of a designated election date. For this purpose, the designated election date(s) for changing or modifying your After-Tax Contribution election will be set forth under the election form or other written procedures describing the time period for changing After-Tax Contribution elections. If the available election date(s) change, you will be notified in writing of any such change. You always will be able to change or modify your After-Tax Contribution election at least once per year. Generally, you may revoke an existing election and stop making After-Tax Contributions at any time. Any change you make to an After-Tax Contribution election will become effective as of the next designated election date, and will remain in effect until modified or canceled during a subsequent election period.

Employer Contributions

We are authorized under the Plan to make Employer Contributions on behalf of our employees. In order to receive an Employer Contribution, you must satisfy all of the eligibility requirements described in Article 4 for Employer Contributions. If you do not satisfy all of the conditions for receiving an Employer Contribution, you will not share in an allocation of such Employer Contributions for the period for which you do not satisfy the eligibility requirements.

Employer Contribution Formula. Employer Contributions will be contributed to your Employer Contribution account under the Plan at such time as we deem appropriate. Generally, Employer Contributions may be contributed during the Plan Year or after the Plan Year ends. Any Employer Contributions we make will be made in accordance with the following Employer Contribution formula.

- **Fixed Employer Contribution formula.** We will make a contribution to the Plan on behalf of eligible participants equal to 12% of Plan Compensation earned during each payroll period. Such contribution will be placed in an account under the Plan on your behalf, provided you satisfy the eligibility conditions described in Article 4. We retain the right to amend the Plan to reduce or eliminate this contribution. If we amend the Plan to reduce or eliminate this fixed contribution, you will be notified of such change. (See Article 11 below for more information regarding Plan amendments.)

Rollover Contributions

If you have an account balance in another qualified retirement plan or an IRA, you may move those amounts into this Plan, without incurring any tax liability, by means of a “rollover” contribution. You are always 100% vested in any amounts you contribute to the Plan as a rollover from another qualified plan or IRA. This means that you will always be entitled to all amounts in your rollover account. Rollover contributions will be affected by any investment gains or losses under the Plan.

You may accomplish a rollover in one of two ways. You may ask your prior plan administrator or trustee to directly rollover to this Plan all or a portion of any amount which you are entitled to receive as a distribution from your prior plan. Alternatively, if you receive a distribution from your prior plan, you may elect to deposit into this plan any amount eligible for rollover within 60 days of your receipt of the distribution. Any rollover to the Plan will be credited to your Rollover Contribution Account. See Article 9 below for a description of the distribution provisions applicable to rollover contributions.

Generally, the Plan will accept a rollover contribution from another qualified retirement plan or IRA. The Plan Administrator may adopt separate procedures limiting the type of rollover contributions it will accept. For example, the Plan Administrator may impose restrictions on the acceptance of After-Tax Contributions or Salary Deferrals (including Roth Deferrals) or may restrict rollovers from particular types of plans. However, you may not make a Rollover Contribution to the Plan prior to becoming a Participant in the Plan. You also must be a current Employee to make a Rollover Contribution to the Plan. The following special rules also apply with respect to Rollover Contributions under the Plan: No rollover contributions from IRAs.. Any procedures affecting the ability to make Rollover Contributions to the Plan will not be applied in a discriminatory manner.

If you have questions about whether you can rollover a prior plan distribution, please contact the Plan Administrator or other designated Plan representative.

ARTICLE 6 LIMIT ON CONTRIBUTIONS

The IRS imposes limits on the amount of contributions you may receive under this Plan, as described below.

IRS limit on total contributions under the Plan. The IRS imposes a maximum limit on the total amount of contributions you may receive under this Plan. This limit applies to all contributions we make on your behalf, all contributions you contribute to the Plan, and any forfeitures allocated to any of your accounts during the year. Under this limit, the total of all contributions under the Plan cannot exceed a specific dollar amount or 100% of your annual compensation, whichever is less. For 2022, the dollar limit is \$61,000. (For years after 2022, this amount may be increased for inflation.) For purposes of applying the 100% of compensation limit, your annual compensation includes all taxable compensation, increased for any pre-tax contributions you may make to any other plan we may maintain, such as a cafeteria health plan.

Example: Suppose in 2022 you earn compensation of \$60,000. The maximum amount of contributions you may receive under the Plan for 2022 is \$60,000 (the lesser of \$61,000 or 100% of \$60,000).

ARTICLE 7 DETERMINATION OF VESTED BENEFIT

Vested account balance. When you take a distribution of your benefits under the Plan, you are only entitled to withdraw your *vested* account balance. For this purpose, your *vested* account balance is the amount held under the Plan on your behalf for which you have earned an ownership interest. You earn an ownership interest in your Plan benefits if you have earned enough service with us to become *vested* based on the Plan’s vesting schedule. If you terminate employment before you become fully vested in any of your Plan

benefits, those non-vested amounts may be forfeited. (See below for a discussion of the forfeiture rules that apply if you terminate with a non-vested benefit under the Plan.)

The following describes the vesting schedule applicable to contributions under the Plan.

- **After-Tax Contributions.** You are always 100% vested in your After-Tax Contributions. In other words, you have complete ownership rights to your After-Tax Contributions under the Plan. Thus, you will never lose your After-Tax Contributions once they are contributed to the Plan. It is possible that your After-Tax Contribution account will decrease as a result of investment losses. If your After-Tax Contribution account decreases because of investment losses, you will only be entitled to the amount in your After-Tax Contribution account at the time of distribution.
- **Employer Contributions.** You become *vested* in your Employer Contributions account in accordance with the “vesting schedule” set forth in the Plan. Under this vesting schedule, you will have an ownership interest in your Employer Contributions based on the number of Years of Vesting Service you complete. Based on the number of years you work for us, your vested percentage is as follows:

Years of Vesting Service	Vested percentage
Immediately on Plan participation	0%
1	0%
2	0%
3	50%
4	65%
5	85%
6 or more	100%

- **Rollover Contributions.** If you rollover amounts from an IRA or another qualified plan to this Plan, you will be 100% vested in such amounts. Thus, you will never lose your rollover contributions once they are rolled over to this Plan. If your rollover contribution account decreases because of investment losses, you will only be entitled to the amount in your rollover contribution account at the time of distribution.

Special vesting rules. The following special rules apply for purposes of determining your vested percentage under the Plan: the above vesting schedule also applies to any plan assets of active employees that were previously subject to a less favorable vesting schedule.

Protection of vested benefit. Once you are vested in your benefits under the Plan, you have an ownership right to those amounts. While you may not be able to immediately withdraw your vested benefits from the Plan due to the distribution restrictions described under Article 9 below, you generally will never lose your right to those vested amounts. However, it is possible that your benefits under the Plan will decrease as a result of investment losses. If your benefits decrease because of investment losses, you will only be entitled to the vested amount in your account at the time of distribution.

Exception to vesting schedule. The above vesting schedule no longer applies once you reach Normal Retirement Age under the Plan. Thus, if you are still employed with us at Normal Retirement Age, you will automatically become 100% vested in all contributions under the Plan. You also will be fully vested in your entire account balance (regardless of the Plan’s vesting schedule) if the plan is terminated. In addition, if you:

- die
- become Disabled

while you are still employed with us, you will automatically become 100% vested.

Years of Vesting Service. To calculate your vested benefit under the Plan, your Years of Vesting Service are used to determine where you are on the vesting schedule. You will be credited with a Year of Vesting Service for each full year of service you work for us. You also may be entitled to service earned during a

period of severance if you are subsequently reemployed. If you have questions regarding your position on the vesting schedule, please contact the Plan Administrator.

In calculating your Years of Vesting Service, all of your service with us is taken into account, including service you may have earned before the Plan was adopted.

Break in Service rules. If you do not work a sufficient number of hours during a year, you may “lose” credit for certain vesting service under the Plan’s Break in Service rules. For this purpose, you will have a Break in Service if you are terminated for a period of at least 12-consecutive months. If you incur at least one Break in Service, all service you earn before such a Break in Service will be disregarded for purposes of determining your vesting schedule under the Plan. The Plan Administrator monitors the Break in Service rules and can provide you with additional information on the effect of these rules. While these vesting Break in Service rules may cause you to lose credit for certain vesting service, they will not cause you to lose any benefits for which you are already vested.

Forfeiture of nonvested benefits. If you terminate employment before you become fully vested in your Plan benefits, you will be entitled to receive a distribution of your *vested* benefits under the Plan. Your non-vested benefits will be *forfeited* as described below. You are not entitled to receive a distribution of your non-vested benefits.

If you terminate employment at a time when you are only partially-vested (or totally non-vested) in any of your Plan benefits, how the Plan treats your non-vested balance will depend on whether you take a distribution when you terminate employment.

- ❖ **Forfeiture upon distribution.** If you take a distribution of your entire vested benefit when you terminate employment, your non-vested benefit will be forfeited in accordance with the terms of the Plan. If you are totally non-vested in any contributions we made on your behalf, you will be deemed to receive a distribution for purposes of applying these forfeiture rules.
- ❖ **Forfeiture upon five consecutive Breaks in Service.** Depending on the value of your vested benefits, you may be able to keep your benefits in the Plan when you terminate employment. If you do not take a distribution of your entire vested benefit when you terminate employment, your non-vested benefit will remain in your account until you have incurred five consecutive Breaks in Service, at which time your non-vested benefit will be forfeited in accordance with the terms of the Plan. For this purpose, you will have a Break in Service for each year in which you work less than a full consecutive 12 months. Your vested benefits will not be forfeited under this forfeiture rule. If you have any questions regarding the application of these rules, you should contact the Plan Administrator.

Treatment of forfeited benefits. If any of your benefits are forfeited, we may decide in our discretion how to use those forfeited amounts. For example, we may use such forfeitures to pay Plan expenses. If any forfeitures are not used to pay Plan expenses, such forfeitures may be allocated as additional Employer contributions or we may use the forfeitures to reduce other Employer Contributions under the Plan. We will determine each year the amount of any forfeitures for such year and will use those forfeitures in the Plan Year for which the forfeiture occurs or in the following Plan Year.

ARTICLE 8 PARTICIPANT LOANS

The Plan permits Participants to take a loan from the Plan. Thus, you may take a loan from your vested benefits under the Plan. The following procedures generally apply for purposes of administering Participant loans. The Plan Administrator may modify these procedures in a separate, written loan policy. For more information regarding the procedures for receiving a Participant loan, please contact the Plan Administrator.

- **Availability of Participant loans.** Participant loans are available to Participants and Beneficiaries who are parties in interest under the Plan. To receive a Participant loan, you must sign a promissory note and

pledge your Account Balance as security for the loan. You will have to enter into a written loan agreement that specifies the amount and term of the loan, and the repayment schedule.

- **Loan limitations.** The total amount you may take as a loan from the Plan may not exceed one-half ($\frac{1}{2}$) of your vested Account Balance. In addition, the total amount you may have outstanding as a loan during any 12-month period may not exceed \$50,000. If you have any questions regarding the amount that is available as a Participant loan under the Plan, please contact the Plan Administrator.
- **Number of outstanding loans and minimum loan amounts.** The Plan may limit the minimum amount available for a loan and the number of loans you may take under the Plan. In determining the availability of a Plan loan, you may only have one outstanding loan at any time. The minimum amount you may take as a loan is \$1,000. The Plan Administrator may refuse to make a loan if it is decided that you are not creditworthy to receive a Participant loan.
- **Reasonable rate of interest and periodic repayment requirement.** If you take a loan from the Plan, you will be charged a reasonable rate of interest. For this purpose, a reasonable rate of interest will be based on the prime interest rate plus 0 percentage points determined at the time you take a loan from the Plan. The Plan Administrator will disclose the applicable interest rate at the time you request the loan. The Plan Administrator will provide you with an amortization schedule providing for level periodic payments. The loan repayment period generally may not extend beyond five years. However, if you take a loan for the purchase of your primary residence, the loan period may extend beyond five years (but in no case more than 10 years). Loan repayments must be made through payroll withholding, except to the extent the Plan Administrator determines payroll withholding is not practical given the level of your wages, the frequency with which you are paid, or other circumstances. Please contact the Plan Administrator if you have any questions regarding the rate of interest or repayment period applicable to a Participant loan.
- **Adequate Security.** All Participant loans must be adequately secured. If you take a loan from the Plan, your vested Account Balance will be used as security for the loan. The Plan Administrator may require you to provide additional collateral if the Plan Administrator determines such additional collateral is required to protect the interests of Plan participants.
- **Loan repayment and default procedures.** If you take a loan from the Plan, you must make periodic loan payments, at least quarterly, throughout the loan period. The loan period generally cannot exceed 5 years from the date of the loan. You may be able to enter into a longer loan period if the loan is for the purchase of your principal residence. You will receive an amortization schedule setting forth the required payments under the terms of the loan. If you fail to make a required loan payment by the end of the calendar quarter following the calendar quarter in which the loan payment is due, you will be taxed on the entire amount of the outstanding loan (plus accrued interest) through the date of the default.

If you take a loan from the Plan, the loan will become due and payable in full upon your termination of employment. Upon your termination of employment, you may repay the entire outstanding balance of the loan (including any accrued interest) within a reasonable period following your termination of employment. If you do not repay the entire outstanding loan balance, your vested Account Balance will be reduced by the remaining outstanding balance of the loan and you will be taxed on the entire amount of the outstanding loan (plus accrued interest). Alternatively, you may be able to rollover your loan to a qualified plan maintained by another employer (provided such employer will accept a rollover of your loan note).

- **Loan Renegotiation.** You may renegotiate the terms of an outstanding loan, provided the renegotiated loan separately satisfies the loan limitations, interest rate, security and periodic repayment requirements under the Plan.

ARTICLE 9 PLAN DISTRIBUTIONS

The Plan contains detailed rules regarding when you can receive a distribution of your benefits from the Plan. As discussed in Article 7 above, if you qualify for a Plan distribution, you will only receive your vested benefits. This Article 9 describes when you may request a distribution and the tax effects of such a distribution.

Distribution upon termination of employment. When you terminate employment, you may be entitled to a distribution from the Plan. The availability of a distribution will depend on the amount of your vested account balance.

- **Vested account balance in excess of \$5,000.** If your total vested account balance exceeds \$5,000 as of the distribution date, you may receive a distribution from the Plan within a reasonable period following your termination of employment. If you do not consent to a distribution of your vested account balance, your balance will remain in the Plan. If you receive a distribution of your vested benefits when you are only partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

You may elect to take your distribution in any of the following forms. Prior to receiving a distribution from the Plan, you will receive a distribution package that will describe the distribution options that are available to you. If you have any questions regarding your distribution options under the Plan, please contact the Plan Administrator.

- **Lump sum.** You may elect to take a distribution of your entire vested account balance in a lump sum. If you take a lump sum distribution, you may elect to rollover all (or any portion) of your distribution to an IRA or to another qualified plan. See the *Special Tax Notice*, which you may obtain from the Plan Administrator, for more information regarding your ability to rollover your plan distribution.
- **Partial lump sum.** You may also elect to take a lump sum distribution of less than your entire vested account balance. However, you may not take a partial lump sum distribution of less than \$1,000.

- **Vested account balance of \$5,000 or less.** If your total vested account balance under the Plan is \$5,000 or less as of the distribution date, you will be eligible to receive a distribution of your entire vested account balance in a lump sum within a reasonable period following your termination of employment. If you receive a distribution of your vested benefits when you are partially-vested in your Plan benefits, your non-vested benefits will be forfeited.

You may elect to receive your distribution in cash or you may elect to rollover your distribution to an IRA or to another qualified plan.

If you do not consent to a distribution of your vested account balance, your vested benefit will remain in the Plan until such time as you consent to a distribution or your benefit can be distributed from the Plan without consent. Further information regarding the Plan's distribution procedures will be provided at the time you terminate employment.

In-service distributions. You may not withdraw amounts attributable to your Employer Contributions while you are still employed. In addition, special in-distribution rules apply for certain contribution types under the Plan:

- **Rollover Contributions.** You may withdraw amounts attributable to Rollover Contributions while you are still employed only upon the following events:
 - In-service distributions are always allowed for Rollover Contributions.

See Article 10 below for a discussion of the Plan's rules regarding the availability of a loan from the Plan.

Required distributions. If you have not begun taking distributions before you attain your Required Beginning Date, the Plan generally must commence distributions to you as of such date. For this purpose, your Required Beginning Date is April 1 following the end of the calendar year in which you attain age 70½ (age 72, if you were born after June 30, 1949), or terminate employment, whichever is later.

Once you attain your Required Beginning Date, the Plan Administrator will commence distributions to you as required under the Plan. The Plan Administrator will inform you of the amount you are required to receive once you attain your Required Beginning Date.

Distribution upon disability. If you should terminate employment because you are disabled, you will be eligible to receive a distribution of your vested account balance under the Plan's normal distribution rules.

Distributions upon death. If you should die before taking a distribution of your entire vested account balance, your remaining benefit will be distributed to your beneficiary or beneficiaries, as designated on the appropriate designated beneficiary election form. You may request a designated beneficiary election form from the Plan Administrator.

If you are married, your spouse generally is treated as your beneficiary, unless you properly designate an alternative beneficiary to receive your benefits under the Plan. The Plan Administrator will provide you with information concerning the availability of death benefits under the Plan and your rights (and your spouse's rights) to designate an alternative beneficiary for such death benefits. For purposes of determining your beneficiary to receive death distributions under the Plan, any designation of your spouse as beneficiary is automatically revoked upon a formal divorce decree unless you re-execute a new beneficiary designation form or enter into a valid Qualified Domestic Relations Order (QDRO).

Default beneficiaries. If you do not designate a beneficiary to receive your benefits upon death, your benefits will be distributed first to your spouse. If you have no spouse at the time of death, your benefits will be distributed equally to your surviving children. If you have no children at the time of your death, your benefits will be distributed to your estate.

Taxation of distributions. Generally, you must include any Plan distribution in your taxable income in the year you receive the distribution. More detailed information on tax treatment of Plan distributions is contained in the "Special Tax Notice" which you may obtain from the Plan Administrator.

- **After-Tax Contributions.** If you have made After-Tax Contributions to the Plan, you will not be taxed on those contributions when they are distributed from the Plan. You will, however, be taxed on income attributable to such contributions.

Distributions before age 59½. If you receive a distribution before age 59½, you generally will be subject to a 10% penalty tax in addition to regular income taxation on the amount of the distribution that is subject to taxation. You may avoid the 10% penalty tax by rolling your distribution into another plan or IRA. Certain exceptions to the penalty tax may apply. For more information, please review the "Special Tax Notice," which may be obtained from the Plan Administrator.

Rollovers and withholding. You may "roll over" most Plan distributions to an IRA or another qualified plan and avoid current taxation. You may accomplish a rollover either directly or indirectly. In a direct rollover, you instruct the Plan Administrator that you wish to have your distribution deposited directly into another plan or an IRA. In an indirect rollover, the Plan Administrator actually makes the distribution to you and you may rollover that distribution to an IRA or another qualified plan within 60 days after you receive the Plan distribution.

If you are eligible to directly rollover a distribution but choose not to, the Plan Administrator must withhold 20% of the taxable distribution for federal income tax withholding purposes. The Plan Administrator will provide you with the appropriate forms for choosing a direct rollover. For more information, see the "Special Tax Notice," which may be obtained from the Plan Administrator.

Certain benefit payments are not eligible for rollover and therefore will not be subject to 20% mandatory withholding. The types of benefit payments that are not “eligible rollover distributions” include:

- annuities paid over your lifetime,
- installments payments for a period of at least ten (10) years,
- minimum required distributions at age 70½ (age 72, if you were born after June 30, 1949),
- hardship withdrawals, and
- Certain “corrective” distributions.

[Note: *All of the above distribution options may not be available under this Plan.***]**

Non-assignment of benefits and Qualified Domestic Relations Orders (QDROs) Your benefits cannot be sold, used as collateral for a loan, given away, or otherwise transferred, garnished, or attached by creditors, except as provided by law. However, if required by applicable state domestic relations law, certain court orders could require that part of your benefit be paid to someone else—your spouse or children, for example. This type of court order is known as a Qualified Domestic Relations Order (QDRO). As soon as you become aware of any court proceedings that might affect your Plan benefits, please contact the Plan Administrator. You may request a copy of the procedures concerning QDROs, including those procedures governing the qualification of a domestic relations order, without charge, from the Plan Administrator.

ARTICLE 10 PLAN ADMINISTRATION AND INVESTMENTS

Valuation Date. To determine your share of any gains or losses incurred as a result of the investment of Plan assets, the Plan is valued on a regular basis. For this purpose, the Plan is valued on a daily basis. Thus, you will receive an allocation of gains or losses under the Plan at the end of each business day during which the New York Stock Exchange is open.

Plan fees. There may be fees or expenses related to the administration of the Plan or associated with the investment of Plan assets that will affect the amount of your Plan benefits. Any fees related to the administration of the Plan or associated with the investment of Plan assets may be paid by the Plan or by the Employer. If the Employer does not pay Plan-related expenses, such fees or expenses will generally be allocated to the accounts of Participants either proportionally based on the value of account balances or as an equal dollar amount based on the number of participants in the Plan. If you direct the investment of your benefits under the Plan, you will be responsible for any investment-related fees incurred as a result of your investment decisions. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses, and other available information.

In addition to general administration and investment fees that are charged to the Plan, you may be assessed fees directly associated with the administration of your account. For example, if you terminate employment, your account may be charged directly for the pro rata share of the Plan’s administration expenses, regardless of whether the Employer pays some of these expenses for current Employees. Other fees that may be charged directly against your account include:

- Fees related to the processing of distributions upon termination of employment.
- Fees related to the processing of in-service distributions (including hardship distributions).
- Fees related to the processing of required minimum distributions at age 70½ (age 72, if you were born after June 30, 1949), or termination of employment, if later.
- Participant loan origination fees and annual maintenance fees.
- Charges related to processing of a Qualified Domestic Relation Order (QDRO) where a court requires that a portion of your benefits is payable to your ex-spouse or children as a result of a divorce decree.

If you are permitted to direct the investment of your benefits under the Plan, each year you will receive a separate notice describing the fees that may be charged under the Plan. In addition, you will also receive a separate notice describing any actual fees charged against your account. Please contact the Plan Administrator if you have any questions regarding the fees that may be charged against your account under the Plan.

ARTICLE 11 PLAN AMENDMENTS AND TERMINATION

Plan amendments. We have the authority to amend this Plan at any time. Any amendment, including the restatement of an existing Plan, may not decrease your vested benefit under the Plan, except to the extent permitted under the Internal Revenue Code, and may not reduce or eliminate any “protected benefits” (except as provided under the Internal Revenue Code or any regulation issued thereunder) determined immediately prior to the adoption or effective date of the amendment (whichever is later). However, we may amend the Plan to increase, decrease or eliminate benefits on a prospective basis.

Plan termination. Although we expect to maintain this Plan indefinitely, we have the ability to terminate the Plan at any time. For this purpose, termination includes a complete discontinuance of contributions under the Plan or a partial termination. If the Plan is terminated, all amounts credited to your account shall become 100% vested, regardless of the Plan’s current vesting schedule. In the event of the termination of the Plan, you are entitled to a distribution of your entire vested benefit. Such distribution shall be made directly to you or, at your direction, may be transferred directly to another qualified retirement plan or IRA. If you do not consent to a distribution of your benefit upon termination of the Plan, the Plan Administrator will transfer your vested benefit directly to an IRA that we will establish for your benefit. Except as permitted by Internal Revenue Service regulations, the termination of the Plan shall not result in any reduction of protected benefits.

A partial termination may occur if either a Plan amendment or severance from service excludes a group of employees who were previously covered by this Plan. Whether a partial termination has occurred will depend on the facts and circumstances of each case. If a partial termination occurs, only those Participants who cease participation due to the partial termination will become 100% vested. The Plan Administrator will advise you if a partial termination occurs and how such partial termination affects you as a Participant.